

Technology and Innovation

The 14th Congressional District is home to much of Silicon Valley and many of the world's foremost technology and telecommunications innovators, who have led the world in developing the innovations and discoveries that continue to shape our society and lead our economy. As the representative of Silicon Valley, Congresswoman Eshoo led the fight to create uniform standards limiting frivolous lawsuits, saving investors and the high-tech industry billions of dollars. Representative Eshoo's bill authorizing electronic signatures brought commerce into the digital age and was the model for digital signatures by the European Union. As a founding member of the Congressional Internet Caucus, she created a program to provide discounts to schools and libraries for Internet access.

Representative Eshoo is a leader in Congress on issues affecting high-technology, the Internet, and health science, and is committed to ensuring that the U.S. continues to lead the world in these critical fields in the 21st Century.

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The Innovation Agenda: A Commitment to Keep America #1

In November 2005, Rep. Eshoo joined with the House Democratic Leader Nancy Pelosi and other colleagues to launch the Innovation Agenda: A Commitment to Competitiveness to Keep America #1.

This agenda was developed after extensive consultation with America's leaders in high-technology, biotechnology, venture capital, and academia beginning in the 14th Congressional District at Stanford University. Subsequent meetings were held around the country with private-sector leaders to seek their views and to develop a plan for our nation to remain competitive and keep us number one.

The House Democrats made a commitment to the following with the Innovation Agenda:

- Greatly increase our investments in research and development (R&D), including doubling National Science Foundation (NSF) funding and modernizing and making permanent the R&D tax credit;
- Improve education in science and math and make college accessible to any student who is qualified to attend;
- Provide universal broadband access for all Americans in five years;
- Achieve energy independence in ten years;
- Promote opportunities for small business and innovative startups, ensuring access to venture capital, improving the patent system, and reducing healthcare costs.

These are among the most important issues we face as a country and we will need to work together - as Democrats and Republicans - to preserve America's leadership in innovation and technology.

Read and learn more about the Innovation Agenda.

Broadband Deployment

With the impending acquisition of BellSouth by AT&T, it's clear that the telecom wars surrounding the 1996 Telecommunications Act are concluding with the reformation of Ma Bell. Decisions by the federal courts and the FCC to deny reasonable local loop access to competitive telephone providers doomed any prospect of local wireline telephone competition. The mergers that follow these decisions are the final shovels of dirt on the efforts of Congress to engender local telephone competition in the '96 Act.

With the completion of the AT&T-BellSouth merger, AT&T and Verizon will together serve more than 60% of the households in America. While the Bells are likely to become increasingly competitive with cable companies in offering broadband, voice and video services, the cable industry is also highly concentrated within regional markets, and the vast majority of consumers are now able to choose only a single cable provider.

What's happened to our nation's progress in promoting advanced communications while the Bells have been busy eliminating local and long distance phone competition and consolidating the telecom industry?

The situation could hardly be bleaker: The United States has fallen from 4th to 16th in broadband penetration worldwide since 2001.

As the country that led the world in innovation for the past century, invented the telephone and developed the Internet, this is a sad state of affairs. Some of our competitors - such as China, South Korea, and India - have avoided many of the problems associated with advanced telecommunications deployment because their existing infrastructures were extremely limited. They haven't had to manage a difficult transition from vast telephone networks to broadband. Instead, they've gone straight to a high-speed, fiber-optic infrastructure.

On the other hand, a number of countries currently outpacing the U.S. in broadband deployment (such as Japan and several European countries) have chosen to adopt essentially the opposite broadband policies to those currently being implemented here, including broadband universal service policies and market-opening regulations. Rep. Eshoo has repeatedly expressed concerns that Presidential leadership on broadband has been non-existent, and the Federal Communications Commission - under the leadership of Chairman Powell and Chairman Martin - has focused almost exclusively on promoting "market-based" solutions that ignore the market power of entrenched incumbents.

Our country can no longer sit idly by while the rest of the world runs circles around us in the rollout of advanced communications services and universal broadband. Telecommunications is the "central nervous system" of the entire economy and high speed, always-on broadband Internet communications will enable a vast array of advanced Internet applications and services including Voice over Internet Protocol (VoIP), video on-demand, electronic health, and distance education. The United States' ability to deploy this advanced communications infrastructure is crucial to our future productivity and will in large part determine our ability to succeed in the global information economy.

It's essential for the President and Congress to come together to formulate a comprehensive strategy to address this urgent priority and put our country back on the path to leadership in this critical sector.

Read Rep. Eshoo's speech on broadband deployment to the Economic Strategy Institute.

Read Rep. Eshoo's op-ed on broadband in Roll Call.

Broadband video and Net Neutrality

The agenda of the Telecom Subcommittee in 2006 will be dominated by efforts to enact legislation to create a new regulatory framework for IP-based video services, providing regulatory relief for the regional Bells as they enter the IP video business in competition with cable and satellite.

During the Committee's debate on these issues, Rep. Eshoo has led efforts to enact meaningful protections for network neutrality or "Net Neutrality." Net Neutrality refers to the debate over actions by broadband service providers to provide discriminatory access to Internet content and services by providing faster, higher quality broadband service for content they offer themselves or through their affiliates and partners.

This issue is of tremendous concern to Internet companies such as Google, Yahoo!, eBay, Apple, and Amazon as they seek to roll out new services, as well as a wide array of colleges and universities, consumer groups, and organizations dedicated to freedom of expression. Without strong Net Neutrality protections, the open architecture of the Internet that has allowed innovation on the Net to thrive will be replaced by "walled gardens" controlled by the large Bell and cable companies.

Rep. Eshoo believes that strong Net Neutrality rules must be written into any broadband reform legislation, and will continue to fight to preserve the free and open Internet. She has cosponsored H.R. 5273, the Network Neutrality Act of 2006, which will ensure that network operators do not discriminate among content providers and frustrate consumers' expectations.

Read Rep. Eshoo's op-ed on Net Neutrality in the San Jose Mercury News.

Learn more about Net Neutrality at <http://www.savetheinternet.com/> .

E-911

Rep. Eshoo was the lead Democratic sponsor of the ENHANCE 911 Act, legislation to upgrade our nation's emergency 911 system to allow emergency operators to locate callers on mobile telephones. The ENHANCE

911 Act was signed into law in December of 2004, and is designed to speed Enhanced 911 implementation and improve coordination among all levels of government by providing significant seed money to address and promote best practices and technology innovations. The funding will ensure that Public Safety Answering Points (PSAPs) are ready to deploy vital call answering equipment for all technologies. The law authorizes \$250 million in matching grants for states, local governments and tribal organizations to improve their 911 communications systems, hire and train more personnel, and purchase equipment.

Employee Stock Options

Representative Eshoo has long been concerned about the impact of changes in accounting rules on broad-based stock options plans and the employees that benefit from this important employee ownership tool. For more than a decade, the Financial Accounting Standards Board (FASB) threatened to require stock options to be deducted from a company's earnings, and in recent years it has seized on unrelated corporate accounting scandals to push forward on this agenda.

In the 108th Congress, Rep. Eshoo was the lead Democratic sponsor of H.R. 3574, the Stock Option Accounting Reform Act, which attracted over 130 bipartisan cosponsors, and passed the House by an overwhelming margin of 312-111. Unfortunately, without the support of the Administration, the bill died in the Senate and in December of 2004 FASB finalized its mandatory stock options expensing standard. The rule was subsequently adopted by the Securities and Exchange Commission (SEC) and mandatory stock options expensing is now required of all public companies. Representative Eshoo reintroduced legislation in the 109th Congress, H.R. 913, the Broad-Based Stock Option Plan Transparency Act, to prevent the FASB rule from taking effect, but the legislation has not been considered by the House.

FASB's mandatory expensing rule has had a significant impact on companies that rely on options to recruit and retain the most talented employees. Many have been forced to drop or severely limit employee option plans because of the prospect of taking a huge and misleading charge against their bottom line in accounting statements. Industry groups and companies are continuing to work with the SEC to press them to develop a realistic expensing model, but it's unclear whether these discussions will bear fruit. Representative Eshoo remains concerned about the impact of the mandatory expensing rule and will continue to look for ways to mitigate the impact of this regulation on companies and rank-and-file employees.

Privacy

The issue of personal privacy is one that the American people feel to the core of their being. When any of us provide an institution with personal information, we want to be sure that the information is used

in the narrowest sense, and that the information will be protected from misuse or theft. At a minimum, companies should be required to disclose if they buy or sell consumer information or if they track the whereabouts of Internet surfers even after they've left a company's website. Consumers should be given the opportunity to opt-out of this use of their information.

There is a growing need for protection of individual privacy, and as a Member of the House Committee on Energy and Commerce, Rep. Eshoo will be actively involved in congressional efforts to implement sound, strong privacy laws to protect consumers and prevent fraud and identity theft. Through the combined efforts of government and industry, Rep. Eshoo hopes to develop privacy legislation that will give consumers control over their own privacy and require the private sector to be a responsible steward of their personal information.

Patent Reform

Our patent system currently suffers from a large backlog in processing patents and many have expressed concerns that the Patent and Trademark Office (PTO) needs additional expertise and resources to keep pace with the rapid innovation of the 21st Century. While additional investments in the PTO were made in the last Congress, additional reforms are needed to ensure that the PTO and the U.S. patent system are sound over the long term.

In order to ensure that our patent system is able to respond to the rapid pace of innovation, it's important for Congress to establish a better balance between the needs of innovators to produce new products without the burden of unnecessary patent litigation and the interests of inventors in their legitimate intellectual property. These reforms will enable greater research and development of new technologies, stimulating the economy and creating new, high-paying jobs.